

**AUTO – CHLOR SYSTEM
EMPLOYEE HANDBOOK**

2011

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INTRODUCTION

Welcome to Auto-Chlor System

If you are a new employee, welcome to Auto-Chlor System! If you are an Auto-Chlor veteran, please accept our sincere thanks for your diligent efforts and contributions to the success of Auto-Chlor!

Our goal at Auto-Chlor is to take care of our customers. Without our customers, we would not be in business! For over half of a century, Auto-Chlor has been satisfying its customers by providing quality products, reliable equipment and a level of personal service, which is unmatched within the industry. It takes more than just products, equipment and service to satisfy a customer. It takes people, dedicated people who work together as a team and who put the customer above all else. It takes people like you, the employees of Auto-Chlor System, our Company's most valuable asset!

In recognition of the importance of our employees, we have designed the Employee Handbook. The Handbook provides you with information regarding our history, our expectation of employees, and what you can expect from the Company. We hope that you will find the Handbook helpful during your employment with Auto-Chlor. Because of the confidential nature of the information, we ask that you do not copy the Handbook or any of the material contained therein. Stated policies are subject to change at the discretion of the Company, in which case, you will receive updated information. Reading and acknowledging the information in the Handbook is a condition of employment.

We wish you success in your position and hope that your employment relationship with Auto-Chlor System will be a very rewarding experience.

About our Company-The Auto-Chlor System Story

Auto-Chlor System began in 1938 when mechanical engineer James D. Robinson developed the automatic chlorinating device that gave the company its name. His invention fit on a faucet and automatically drew a liquid chlorine solution from a bottle. It provided a sanitizing solution of the proper strength for three compartment sinks that were then more common than dishwashing machines.

"Dishes were washed in the first compartment, rinsed in the second and sanitized in the third," explained the Auto-Chlor founder when interviewed by Mid-South Business in 1980. "That third compartment is where they had a choice of immersing the rack of tableware in 180-degree hot water, or dipping it in a sanitizing solution, such as a chlorine solution."

"The hot rinse method presented several problems from a practical standpoint. Keeping the water hot meant that a supplemental heat source had to be kept running continuously as long as the restaurant was open."

Along with the dispenser and sanitizers, Auto-Chlor wanted to provide a liquid soap. However, there were no suitable products on the market. Company engineers began work on their own soap, which was introduced in 1941. After World War II, when synthetic detergents had been developed, Auto-Chlor formulated the first of its liquid detergents.

In 1948, the company began providing chemicals for the dishwashing machines that were becoming popular. Soon Auto-Chlor's first dispensing equipment was on the market. Meanwhile, company engineers continued their developmental work on dishwashing machines. Unlike most of the other dishwasher manufactures, Auto-Chlor anticipated the energy crisis and avoided hot water technology; the company concentrated on building an energy-efficient low temperature machine.

The first Auto-Chlor dishwasher -- and the low suds liquid detergent especially formulated for it -- were introduced in 1954. These early machines were followed by corner and double machines. (Jerry Ivy, owner of Auto-Chlor System of Washington, built the first Auto-Chlor corner machine in Seattle in 1964; and the first double rack machine in 1976. Both machines were later refined and mass-produced at the Memphis headquarters. John Goulter of the Seattle Branch built a prototype glasswasher in 1977).

Founded in Memphis, Tennessee, Auto-Chlor has expanded to more than 90 territories in North America and has several franchised dealerships. Auto-Chlor System Corporation is currently headquartered in Mountain View, California and owned by the Ivy family:

About our Company-The Auto-Chlor System Story-Cont.

- Washington Region with branches in Seattle, Tacoma, and Everett.
- Oregon Region with branches in Portland, Eugene, Medford and Wilsonville.
- California Region with thirteen branches in both Northern and Southern California.
- Arizona Region with branches in Phoenix and Tucson.
- New York Region with branches in New York, New Jersey, Connecticut, Baltimore and Massachusetts
- Mid-South Region with 18 branches within the states of Tennessee, Georgia, Kentucky, Mississippi, Missouri, Ohio, Michigan, Illinois, Indiana and Arkansas.
- Memphis- The Memphis manufacturing plant which manufactures the Auto-Chlor System dishwashing machines and houses the research and development teams.
- Atlanta- The Atlanta chemical plant which produces concentrates and chemical products for dealers and Auto-Chlor System branches.
- The Corporate office is located in Mountain View, California.

Auto-Chlor System has 48 branches and more then 600 employees and several tens of thousands of accounts. In 2008 the Ivy dealership group purchased the parent company of Auto-Chlor System, located in Memphis. The Ivy group began as a one-person operation. Jerry Ivy set up shop in mid-1961 in his basement as a dealer of Mr. Robinson; he delivered chemicals -- some bottled in gallon wine jugs recycled from skid row -- in his Ford Falcon station wagon. To install a machine -- hardly an every day occurrence in that first year -- Jerry rented a truck and (for a two-person installation job) hired an itinerant laborer to help him.

By 1962, Auto-Chlor System of Washington (the original IVY dealership) had some 50 dishwasher and 100 hand accounts in the Seattle-Tacoma area. Jerry and his family had moved to a house on an acre lot; the garage was a 20x80-foot structure from which the

business was operated until 1967. Staff included a jug washer and three route persons. The business has steadily grown ever since.

Today Auto-Chlor System and its branches offer a variety of products and services. Besides the dishwasher rental and service programs, the company offers laundry and dishwashing chemicals, stainless steel for kitchens and product dispensers. Products include detergents, sanitizers, drying agents, presoaks, hand soap, floor and window cleaners, grease remover and powdered laundry detergent and bleach. Customers are just as varied; Auto-Chlor serves mom-and-pop diners and sophisticated dinner houses, quaint country inns, company cafeterias, night clubs, schools, nursing homes, 24-hour coffee shops and fast food restaurants, hotels, motels, amusement parks, regional and national chains.

Auto-Chlor System chemical products are biodegradable, and we are industry leaders in container recycling. Auto-Chlor's dishwashing machines are Energy Star qualified.

Jerry, his wife Debbie, and his son Ed are all involved in the business. Ed plays a key role in growing both the corporate and regional businesses as the President of Auto-Chlor System. Their activities include all facets of the business from providing vision and direction to support of everyday activity at the branches.

MISSION STATEMENT

To provide high quality warewashing and laundry service to restaurants and institutions at a competitive price.

To be a good place for people to work and grow giving each person an opportunity to reach their highest potential. Providing good wages and benefits, and allowing each employee to enjoy a wholesome lifestyle.

Producing the highest return on their investment in this industry for our owners. Growing by design and staying in business until "twelfth of never, and that's a long, long time."

Being a good corporate citizen in the communities in which we operate; using honest and ethical business practices.

Improving Company Profits

There are several significant advantages in being part of a small company. One is that you truly can contribute to the Company's success. You are not one of thousands of employees and your efforts do not go unrecognized.

Surprising as it may sound, you can directly influence Company profits. What do you have to do? Help increase company sales and decrease Company expenses. How can you do this? Let's look at a few examples. You help increase sales when you:

- Sell existing dishwasher customers hand products.
- Ask existing customers about the new restaurants they are opening.
- Call on new restaurants or pass their names and addresses along to the sales staff.

You help decrease cost when you:

- Save a threatened account.
- Replace a worn part on a routine stop and thus avoid expensive emergency service call.
- Manage your time and assigned duties effectively.
- Limit fuel, electric and telephone bills.
- Properly maintain vehicles, tools and equipment.

By helping improve Auto-Chlor profits, you benefit both directly and indirectly. You help make the company a better place to work, with more opportunity for all of us. You also help make more funds available for the profit-sharing program that is described in this Handbook.

EMPLOYMENT POLICIES

EQUAL EMPLOYMENT OPPORTUNITY EMPLOYER

Auto-Chlor is an equal employment opportunity employer and strives to comply with all applicable laws prohibiting discrimination based on race, color, creed, sex, age, national origin or ancestry, physical or mental disability, veteran status, marital status, medical condition, sexual orientation, as well as any other category protected by federal, state, or local laws. All such discrimination is unlawful, and all persons involved in the operations of Auto-Chlor are prohibited from engaging in this type of conduct.

In accordance with applicable federal and state law protecting qualified individuals with known disabilities, Auto-Chlor will attempt to reasonably accommodate those individuals unless doing so would create an undue hardship on Auto-Chlor. Any qualified applicant or Employee with a disability who requires an accommodation in order to perform the essential functions of the job should contact the Director of Human Resources and request an accommodation.

You should report every instance of unlawful discrimination to your Manager and the Director of Human Resources of Auto-Chlor, regardless of whether you or someone else is the subject of the discrimination. Detailed reports--including names, descriptions, and actual events or statements made--will greatly enhance Auto-Chlor's ability to investigate. Any documents supporting the allegations should also be submitted. Based on your report, Auto-Chlor will conduct an investigation. Auto-Chlor prohibits any and all retaliation for submitting a report of unlawful discrimination and for cooperating in any investigation. Any Manager or Employee who retaliates against the accuser or those involved in the investigation will be disciplined, up to and including discharge from employment.

If the investigation determines that prohibited discrimination or other conduct in violation of Auto-Chlor policy has occurred, Auto-Chlor will take disciplinary action, up to and including termination of employment, against those who engaged in the misconduct. Auto-Chlor will also evaluate whether other employment practices should be added or modified in order to deter and prevent that conduct in the future. You will be informed of whatever action(s) Auto-Chlor takes to resolve and remedy the situation.

UNLAWFUL HARASSMENT

In accordance with applicable law, Auto-Chlor prohibits sexual harassment and harassment because of race, color, national origin, ancestry, religion, creed, physical or mental disability, marital status, medical condition, sexual orientation, age, or any other basis protected by federal, state, or local law. All such harassment is unlawful and will not be tolerated.

Sexual Harassment Defined

Applicable state and federal law defines sexual harassment as unwanted sexual advances, requests for sexual favors, or visual, verbal, or physical conduct of a sexual nature when: (1) submission to the conduct is made a term or condition of employment; or (2) submission to or rejection of the conduct is used as basis for employment decisions affecting the individual; or (3) the conduct has the purpose or effect of unreasonably interfering with the Employee's work performance or creating an intimidating, hostile, or offensive working environment. This definition includes many forms of offensive behavior. The following is a partial list:

- a. Unwanted sexual advances;
- b. Offering employment benefits in exchange for sexual favors;
- c. Making or threatening reprisals after a negative response to sexual advances;
- d. Visual conduct such as leering, making sexual gestures, or displaying sexually suggestive objects, pictures, cartoons, emails or posters;
- e. Verbal/Written conduct such as making or using derogatory comments, epithets, profanity, slurs, sexually explicit jokes, or comments about any Employee's body or dress;
- f. Verbal sexual advances or propositions;
- g. Verbal abuse of a sexual nature, graphic verbal commentary about an individual's body, sexually degrading words to describe an individual, or suggestive or obscene letters, notes, or invitations;
- h. Physical conduct such as touching, assault, or impeding or blocking movements; and
- i. Retaliation for reporting harassment or threatening to report harassment;

It is unlawful for males to sexually harass females or other males, and for females to sexually harass males or other females. Sexual harassment on the job is unlawful whether it involves coworker harassment, harassment by a Manager, or harassment by persons doing business with or for Auto-Chlor.

Other Types of Harassment

Prohibited harassment on the basis of race, color, national origin, ancestry, religion, physical or mental disability, marital status, medical condition, sexual orientation, age, or any other protected basis, includes behavior similar to sexual harassment, such as:

- a. Verbal conduct such as threats, epithets, derogatory comments, or slurs;
- b. Visual conduct such as derogatory posters, photographs, cartoons, drawings, or gestures;
- c. Physical conduct such as assault, unwanted touching, or blocking normal movement; and
- d. Retaliation for reporting harassment or threatening to report harassment;

Auto-Chlor's Complaint Procedure

Auto-Chlor's complaint procedure provides for an immediate, thorough, and objective investigation of any claim of unlawful or prohibited harassment, appropriate disciplinary action against one found to have engaged in prohibited harassment, and appropriate remedies for any victim of harassment. A claim of harassment may exist even if the Employee has not lost a job or some economic benefit.

If you believe you have been harassed on the job, or if you are aware of the harassment of others, you should provide a written or verbal complaint to any member of Auto-Chlor's management as soon as possible. Your complaint should be as detailed as possible, including the names of individuals involved, the names of any witnesses, direct quotations when language is relevant, and any documentary evidence (notes, pictures, cartoons, et cetera).

Applicable law also prohibits retaliation against any Employee by another Employee or by Auto-Chlor for using this complaint procedure or for filing, testifying, assisting, or participating in any manner in any investigation, proceeding, or hearing conducted by a governmental enforcement agency. Additionally, Auto-Chlor will not knowingly permit any retaliation against any Employee who complains of prohibited harassment or who participates in an investigation.

All incidents of prohibited harassment that are reported will be investigated. Auto-Chlor will immediately undertake or direct an effective, thorough, and objective investigation of the harassment allegations. The investigation will be completed, and a determination regarding the reported harassment will be made and communicated to the Employee who complained and to the accused harasser(s).

If Auto-Chlor determines that prohibited harassment has occurred, Auto-Chlor will take effective remedial action commensurate with the circumstances. Appropriate action will also be taken to deter any future harassment. If a complaint of prohibited harassment is substantiated, appropriate disciplinary action, up to and including discharge, will be taken. Whatever action is taken against the harasser will be communicated to the Employee who complained.

Liability for Harassment

Any Employee of Auto-Chlor, whether a coworker or Manager, who is found to have engaged in prohibited harassment is subject to disciplinary action, up to and including discharge from employment. Any supervisor or manager who knew about harassment and took no action to stop it or failed to report the harassment to the Director of Human Resources may also be subject to discipline up to and including discharge. Auto-Chlor does not consider conduct in violation of this policy to be within the course and scope of employment or the direct consequence of the discharge of one's duties. Accordingly, to the extent permitted by law, Auto-Chlor reserves the right not to provide a defense or pay damages assessed against Employees for conduct in violation of this policy.

Additional Enforcement Information

In addition to Auto-Chlor's internal complaint procedure, Employees should also be aware that the Federal Equal Employment Opportunity Commission (EEOC) and the Department of Fair Employment and Housing (DFEH) investigate and prosecute complaints of unlawful harassment in employment. Employees who believe that they have been unlawfully harassed may file a complaint with either of these agencies. The EEOC and the DFEH serve as neutral fact finders and attempt to help the parties voluntarily resolve disputes. For more information, contact Auto-Chlor's Director of Human Resources. You may also contact the nearest office of the EEOC or the DFEH, as listed in the telephone directory.

EMPLOYMENT OF RELATIVES

It is the Company's primary policy to hire the best-qualified applicants available for all openings. Hiring of relatives of present employees will be allowed, if such action will not place the individual in a position of supervision over a family member or in a position of being supervised by a family member. "Relative" means spouse or cohabitant, children, parents, siblings, grandparents, cousins and the corresponding "in-law" and "step" relations.

This "anti-nepotism" policy shall not affect the status or positions of present employees who are already relatives of other present employees. All new job applicants will be asked whether they have relatives who are present employees. Those answering affirmatively will be questioned on the relationship and will not be hired except as described above.

Present employees who subsequently marry, commence cohabitation with or otherwise become related to other present employees will be allowed to continue employment, but not in supervisory/subordinate roles, in the same department, or in positions in which either might exercise influence over the other regarding his or her work. If such a situation should arise, reasonable attempts will be made to accommodate the employees through transfer; however, if, in the Company's sole discretion, transfer is not feasible, one of the involved employees must voluntarily terminate employment within thirty (30) days. If neither employee does so within that time, the Company will terminate the employee with the least seniority with the Company.

Subject to prior approval of the Regional Manager, the relatives of present employees may be hired for temporary positions under the following conditions: the applicant must meet all qualifications and requirements for the position to be filled; the employment relationship must be temporary; and the relative must not be in supervisory/subordinate roles or in the same department or location.

Doing business with family members

Auto-Chlor takes great pride in its high standards of honesty and integrity that our employees maintain. Such conduct contributes to the success of our company and brings credit to our organization. You are expected to comply with the law and to avoid any activity which conflicts (or can give the appearance of conflict) with Auto-Chlor's best interest. While it is not possible to list every situation that could possibly involve a conflict of interest (or the appearance of a conflict of interest), the following are examples of situations that might involve a conflict of interest:

- To conduct business on behalf of Auto-Chlor Corporation with a member of the employee's family or a business organization in which the employee or a member of his or her family has a significant association, which could give rise to a conflict of interest, without first obtaining a written non-objection from an officer of Auto-Chlor Corporation.
- To serve in an advisory, consultative, technical, or managerial capacity for any non-affiliated business organization, which does significant business with or is a competitor of Auto-Chlor Corporation, without first advising their department heads of such plans.

In many situations, the question of whether there is a conflict of interest depends on the specific facts and circumstances. When you encounter a situation that could, in any possible way, be considered a conflict of interest, you should immediately inform an appropriate member of management.

IMMIGRATION COMPLIANCE

Auto-Chlor will comply with applicable immigration law, including the Immigration Reform and Control Act of 1986 and the Immigration Act of 1990. As a condition of employment, every individual must provide satisfactory evidence of his or her identity and legal authority to work in the United States. Acceptable forms of identification are listed on the back of the I-9 form.

If you have any questions or need more information on immigration law issues, please contact the Director of Human Resources.

PHYSICAL AND DRUG TESTING DURING EMPLOYMENT

If at any time during your employment the company has reason to believe that you are unable to properly and safely perform your assigned duties because of a disability, or that you are coming to work under the influence of drugs or alcohol, or that you are using drugs or alcohol while at work, you may be required, to the extent permitted by law, to have a supplemental physical examination and/or drug test. All test results will be handled in the same manner as pre-employment test results.

If any examination or test indicates that an employee is unable to perform their current job duties because of physical ability or condition, the decision as to continued employment and future employment status will be based on all relevant factors, including reasonable accommodations, the employees' adaptability and qualifications for other positions, the nature of the employee's condition and, in the Company's sole discretion, the feasibility of transfer.

If any examination or test indicates illegal substance use or substance abuse (including alcohol) or addiction, it's in the Company's sole discretion and depending on the circumstances, to terminate employment. Auto-Chlor System is a "Drug-Free" workplace.

Employees involved in moving vehicle accidents or other major accidents in company-owned vehicles or equipment during working hours may, at the discretion of management, be required to take the same type of examination.

The Company may terminate any employee who refused upon reasonable notice to submit to a legally permitted physical examination or test. The Company may also terminate any employee who for reasons other than religious convictions intentionally and consistently disregards or fails to follow instruction of and treatments prescribed by his/her personal physician or rehabilitation program if such actions have an adverse effect on the Company or other employees.

The Company may, according to Department of Transportation rules and regulations regarding transport of hazardous material, require random drug and alcohol testing of personnel who are subject to these rules and regulations.

USE OF ALCOHOL/DRUGS DURING COMPANY SPONSORED EVENTS

Use of Alcohol and/or Drugs on Company premises, equipment and vehicles is expressly forbidden. It is also against Company policy to consume alcohol and/or drugs at any time during working hours or to arrive for work "under the influence of drugs or alcohol." Auto-Chlor System is a "Drug-Free" company.

The Company does not provide alcohol at Company sponsored functions. Persons attending Company sponsored picnics; seasonal parties, etc. are cautioned to make sure their blood alcohol level remains below legal minimums for sobriety. Any person consuming alcohol at a Company function should make prior arrangements for a non-alcohol drinking, designated driver to see them home safely.

Prescription drugs are allowed providing they do not cause impairment in your ability to remain alert and perform your job in a safe and acceptable manner. Auto-Chlor may require a physician's explanation.

COMMERCIAL DRIVERS LICENSE

Because Auto-Chlor employees frequently drive vehicles, which carry certain amounts of "hazardous" materials (mainly cleaning detergents containing caustic products), a Class C commercial driver's license with hazardous endorsement is a requirement for all branch personnel with the exception of any person not assigned to customer service involving the transport of these materials. We comply with all Federal and State DOT regulations.

TIME CARDS

If your pay is calculated on an hourly basis, it is necessary to record your time worked in order for you to be properly compensated. If your job classification is one for which the Company requires verification of hours through a time clock, you will be given a time card. You must punch in with this card when starting work and punch out when leaving. Your Manager will give you any additional instructions regarding time clock and time card procedures.

Some specific procedures are: You are required to track your rest and meal periods. Punch out and in for lunches or notify your Manager if you are out of the building; receive prior approval for overtime and have your Manager initial the time card for overtime. Each employee must punch his or her own time card.

If you are away from your job because of sickness, vacation, etc., your Manager will be responsible for making the appropriate notations on your time card for that day. If a time clock is not used for your job classification, your Manager will inform you of the proper procedure for recording your time worked. As with a time card, each employee must record his or her own time worked. Any deviation from that practice, with the exception of notations made by your Manager in your absences, will be considered a serious violation of Company policy.

BREAKS AND MEAL PERIODS

You are required to take a 10 minute paid rest break for each four-hour period of work. In our workplace that means one rest break in the first half of the workday and one rest break in the second half of the day. Whenever possible rest breaks should be taken midway through the four-hour shift. You are required to record your rest breaks on your timecard on a daily basis. If you work more than 5 hours in a day you are required to take a meal period. Employees are not allowed to skip a meal period to go home early. Meal periods and rest breaks cannot be combined. Meal periods are not paid and must be at least 30 minutes long and no more than one hour long. Meal periods must be recorded on your time card by punching out and punching in. Rest periods and meal periods need to be arranged with your branch manager and should follow a regular schedule as much as possible. It is each employee's responsibility to take every required rest break; branch managers must only authorize and permit it. Branch managers must ensure that meal periods are taken whenever required by company policy.

During rest periods phones should be covered by another employee in the branch or forwarded to the branch answering machine. Phones should not be forwarded to other branches during rest periods. During meal periods another employee can cover phones, or phones can be forwarded to the answering machine or the branch phones can be forwarded to another branch. Phone coverage during meal periods will be determined by the branch manager and per a set schedule. Branch managers must ensure that forwarding phones between branches during meal breaks does not delay or interfere with any meal periods.

CONFIDENTIALITY AGREEMENT-California (COPY)

A copy of the Auto-Chlor Confidentiality Agreement follows: The Agreement is self explanatory and must be signed by each employee at the date of hire.

THIS AGREEMENT made at _____ on _____, between
 AUTO CHLOR SYSTEM OF _____ a corporation having its
 principal office in Mountain View, CA, (herein called "Auto-Chlor"), and
 (herein called "Employee").

Witnesseth:

WHEREAS, all employment relationships with Auto-Chlor system are on an at will basis which can only be modified in writing in an Employment Agreement signed by the President of Auto-Chlor and employee, and, although Auto-Chlor System hopes that relationships with employees are long term and mutually rewarding, both the Company and the Employee have the right to terminate the relationship at any time.

WHEREAS, Auto-Chlor is engaged in manufacturing and selling eating utensils, sanitizing and washing equipment and linen washing chemical dispensers and various compounds, solutions and materials for sanitizing and washing eating utensils and linen washing; and WHEREAS, Employee desires to enter the employment of Auto-Chlor in such manufacturing and selling business, and Auto-Chlor desires to employ the said Employee; and

WHEREAS, Auto-Chlor uses certain trade secrets and secret processes of manufacture that will necessarily be communicated to Employee or the Employee may otherwise gain knowledge of such trade secrets and processes by virtue of his/her employment by Auto-Chlor; and

WHEREAS, Auto-Chlor desires to protect and preserve its trade secrets, sales and operational manuals and similar materials and the lists of its customers and patrons for its own use.

NOW THEREFORE, in consideration of Auto-Chlor's employment of Employee and the salary to be paid to Employee for their services during the term of their employment with Auto-Chlor, and the mutual promises and obligations contained herein, Auto-Chlor and Employee agree as follows:

1. During the term of his/her employment, Employee owes a duty of loyalty to Auto-Chlor and shall devote all of his/her time and attention and give his/her best effort, skill and inventive ability to the business interests of Auto-Chlor, and shall perform such services in and about such business of Auto-Chlor as may from time to time be assigned to the Employee, and shall, in all respects, do his/her utmost to further, enhance and develop the best interests and welfare of Auto-Chlor.
2. Employee covenants and agrees that he/she will not, during the term of this Confidentiality Agreement, or at any time thereafter, whether in the employment of Auto-Chlor or not, communicate or divulge to, or use for the benefit of any other person, partnership, association or corporation the trade secrets, custom software- RA2, Handheld devices and other such created software and devices for business practices or secret processes or manufacture or sales or operational manuals or similar material used or employed by Auto-Chlor. Employee acknowledges that under Labor Code § 2860 and the Uniform Trade Secret Act Auto-Chlor owns such trade secrets. Employee also acknowledges and understands that the identity of Auto-Chlor's customers are trade secrets.
3. Employee further agrees that during the period of twelve (12) months immediately after the termination of his/her employment with Auto-Chlor, he/she will not either for the employee or for any other person, firm, company or corporation, solicit any of the customers, business or patrons, of Auto-Chlor.
4. Employee understands that for any violation of any of the provisions of this agreement, a restraining order and/or an injunction may be issued against the employee in addition to any other rights Auto-Chlor may have.
5. This agreement is binding upon and insures to the benefit of the heirs, successors and assigns of the parties hereto.
6. This agreement shall be construed according to the laws of the state of California.

IN WITNESS WHEREOF, the parties hereunto see their hands and seals the day and year first above written.

IN THE PRESENCE OF:

(Manager)

(Employee)

Corporate Seal

Auto-Chlor System of, _____ Inc.

ATTEST:

(Secretary)

(President)

Confidentiality Agreement-Non-California (Copy)

A copy of the Auto-Chlor Confidentiality Agreement follows: The Agreement is self-explanatory and must be signed by each employee at the date of hire.

Employment agreements are tied to a specific area or geographic space around each Auto-Chlor Branch or Corporate operations and are valid for one year from the time of termination.

THIS AGREEMENT made at _____ on _____, 20__ between
 AUTO-CHLOR SYSTEM OF _____, Inc., a corporation having
 its principal office in _____, (herein called
 "Auto-Chlor"), and _____ (herein called "Employee").

Witnesseth:

WHEREAS, all employment relationships with Auto-Chlor system are on an at will basis and, although Auto-Chlor system hopes that relationships with employees are long term and mutually rewarding, both the Company and the Employee have the right to terminate the employment relationship at any time.

WHEREAS, Auto-Chlor is engaged in manufacturing and selling eating utensil sanitizing and washing equipment and linen washing chemical dispensers and various compounds, solutions and materials for sanitizing and washing eating utensils and linen washing; and WHEREAS, Employee desires to enter the employment of Auto-Chlor in such manufacturing and selling business, and Auto-Chlor desires to employ the Employee therein; and

WHEREAS, Auto-Chlor uses certain trade secrets and secret processes of manufacture that will necessarily be communicated to Employee or may otherwise become of knowledge to Employee by virtue of their employment by Auto-Chlor; and

WHEREAS, Auto-Chlor desires to protect and reserve its trade secrets, sales and operational manuals and similar materials and the lists of its customers and patrons for its own use.

NOW THEREFORE, in consideration of Auto-Chlor's employment of Employee and the salary to be paid to Employee for their services during the term of their employment with Auto-Chlor, and the mutual promises and obligations contained herein, Auto-Chlor and Employee agree as follows:

1. During the term of their employment, the employee shall devote all of their time and attention and give their best effort, skill and inventive ability to the business interests of Auto-Chlor, and shall perform such services in and about such business of Auto-Chlor as may from time to time be assigned to the employee, and shall, in all respects, do their utmost to further, enhance and develop the best interests and welfare of Auto-Chlor.

Confidentiality Agreement -Cont. (Copy)

2. Employee covenants and agrees that he/she will not, during the term of their employment by Auto-Chlor, and for twelve (12) months thereafter, directly or indirectly enter the employment of, or render any service to any other person, partnership, association or corporation engaged in the business of manufacturing, selling or leasing of eating utensil washing and sanitizing equipment and linen washing or various compounds, solutions and materials for washing and sanitizing eating utensils, or linens within the city limits of _____ or within a _____ mile radius of said city limits; and that during said term and for twelve (12) months thereafter, the employee will not, within said defined territory, engage in such business on their own account, or become interested therein, directly or indirectly, as an individual, partner, stockholder, director, officer, clerk, principal, agent, employee, trustee, or in any other relation or capacity whatsoever, except as provided in Paragraph "1"
3. Employee covenants and agrees that he/she will not, during the term of this contract, or at any time thereafter, whether in the employment of Auto-Chlor or not, communicate or divulge to, or use for the benefit of any other person, partnership, association or corporation, and of the trade secrets, or secret processes or manufacture or sales or operational manuals or similar material used or employed by Auto-Chlor in and about said manufacturing and selling business, and that may be communicated to or become of knowledge to Employee by virtue of their employment hereunder.
4. Employee further agrees that during the period of twelve (12) months immediately after the termination of their employment with Auto-Chlor he/she will not, either directly or indirectly, make known or divulge the names or addresses of any of the customers or patrons of Auto-Chlor at the time the employee entered the employ of Auto-Chlor or with whom he/she became acquainted after entering the employ of Auto-Chlor, to any person, firm, company or corporation, and that the employee will not, directly or indirectly, either for the employee or for any other person, firm, company or corporation, call upon, solicit, divert, or take away or attempt to solicit, divert or take away any of the customers, business or patrons, of Auto-Chlor upon whom he/she called or whom he/she solicited or to whom he/she catered or with whom he/she became acquainted, or upon he/she called or to whom he/she catered after their employment with said Auto-Chlor.
5. Employee hereby consents and agrees that for any violation of any of the provisions of this agreement, a restraining order and/or an injunction may be issued against the employee in addition to any other rights Auto-Chlor may have.

Confidentiality Agreement -Cont. (Copy)

6. In the event that Auto-Chlor is successful in any suit or proceeding brought or instituted by Auto-Chlor to enforce any of the provisions of the within agreement or on account of any damages sustained by Auto-Chlor by reason of the violation by the Employee of any of the terms and/or provisions of this Agreement to be performed by the Employee, Employee agrees to pay to Auto-Chlor reasonable attorney's fees to be fixed by the Court.
7. This agreement is binding upon and inures to the benefit of the heirs, successors and assigns of the parties hereto.
8. This agreement shall be construed according to the laws of the state of _____.

IN WITNESS WHEREOF, the parties hereunto see their hands and seals the day and year first above written.

in the presence of:

(Manager)

(Employee)

Corporate Seal

Auto-Chlor System of, _____ Inc.

ATTEST:

(Secretary)

(President)

USE OF TECHNOLOGY AND THE INTERNET

Auto-Chlor System's technical resources--including desktop and portable computer systems, Internet access, voice mail, and electronic mail (e-mail)--enable Employees quickly and efficiently to access and exchange information throughout Auto-Chlor System and around the world. When used properly, we believe these resources greatly enhance Employee productivity and knowledge. In many respects, these new tools are similar to other Company tools, such as stationery, file cabinets, photocopiers, and telephones. Because these technologies are both new and rapidly changing, it is important to explain how they fit within Auto-Chlor System and within your responsibilities as an Employee.

This policy applies to all technical resources that are owned or leased by Auto-Chlor System, that are used on or accessed from Company premises, or that are used on Company business. This policy also applies to all activities using any Company-paid accounts, subscriptions, or other technical services, such as Internet access, voice mail, and e-mail, whether or not the activities are conducted from Company premises.

NOTE: As you use Auto-Chlor System's technical resources, it is important to remember the nature of the information created and stored there. Because they seem informal, e-mail messages are sometimes offhand, like a conversation, and not as carefully thought out as a letter or memorandum. Like any other document, an e-mail message or other computer information can later be used to indicate what an Employee knew or felt. You should keep this in mind when creating e-mail messages and other documents. Even after you delete an e-mail message or close a computer session, it may still be recoverable and may even remain on the system.

Acceptable Uses

Auto-Chlor System's technical resources are provided for the benefit of Auto-Chlor System and its customers, vendors, and suppliers. These resources are provided for use in the pursuit of Company business and are to be reviewed, monitored, and used only in that pursuit, except as otherwise provided in this policy. Unauthorized or excessive usage of technology such as cell- phones can result in disciplinary action up to and including termination.

Employees are otherwise permitted to use Auto-Chlor System's technical resources for occasional, non-work purposes with permission from their direct Manager. Nevertheless, Employees have no right of privacy as to any information or file maintained in or on Auto-Chlor System's property or transmitted or stored through Auto-Chlor System's computer, voice mail, e-mail, or telephone systems.

Unacceptable Uses

Auto-Chlor System's technical resources should not be used for personal gain or the advancement of individual views, including but not limited to, day trading and participating in auctions conducted on the Internet. Employees who wish to express personal opinions on the Internet are encouraged to obtain a personal account with a commercial Internet service provider and to access the Internet

without using Company resources. Additionally, employees are prohibited from creating and sending jokes and games using email and/or the Internet. They are also prohibited from viewing or distributing pornography. Employees are also responsible for minimizing the receipt of such jokes and games since they can be detrimental to Auto-Chlor System's computer systems.

Solicitation for any non-Company business or activities using Company resources is strictly prohibited. Your use of Auto-Chlor System's technical resources must not interfere with your productivity, the productivity of any other Employee, or the operation of Auto-Chlor System's technical resources. Abuse such as unauthorized cell phone usage and Internet usage can be grounds for termination.

You should not send e-mail or other communications that either mask your identity or indicate that someone else sent them. You should never access any technical resources using another Employee's password.

Sending, saving, or viewing offensive material is prohibited. Messages stored and/or transmitted by computer, voice mail, e-mail, or telephone systems must not contain content that may reasonably be considered offensive to any Employee. Offensive material includes, but is not limited to, sexual comments, jokes or images, racial slurs, gender-specific comments, or any comments, jokes or images that would offend someone on the basis of his or her race, color, creed, sex, age, national origin or ancestry, physical or mental disability, veteran status, marital status, medical condition, sexual orientation, as well as any other category protected by federal, state, or local laws. Any use of the Internet to harass or discriminate is unlawful and strictly prohibited by Auto-Chlor System. Violators will be subject to discipline, up to and including discharge.

Auto-Chlor System does not consider conduct in violation of this policy to be within the course and scope of employment or the direct consequence of the discharge of one's duties. Accordingly, to the extent permitted by law, Auto-Chlor System reserves the right not to provide a defense or pay damages assessed against Employees for conduct in violation of this policy.

Access to Information

Auto-Chlor System asks you to keep in mind that when you are using Auto-Chlor System's computers you are creating Company documents using a Company asset. Auto-Chlor System respects the individual privacy of its Employees. However, that privacy does not extend to an Employee's work-related conduct or to the use of Company-provided technical resources or supplies.

Electronic information created and/or communicated by an Employee using Company tools, such as software, Internet access, voice mail, telephones, and e-mail, will generally not be monitored by Auto-Chlor System. Please keep in mind the following:

1. Auto-Chlor System monitors the performance, usage, and cost-effectiveness of its technical resources and periodically gathers information such as the number, frequency, time of day, and duration of calls or Internet site visits.

2. Auto-Chlor System may, in its discretion, review any Employee's electronic files and messages as well as the volume and content of usage.

Remember that your electronic communications and files are neither private nor confidential. They may be read by others within Auto-Chlor System and outside it without first obtaining your permission. If there is information that you do not want to be available to others, you should send that information in other ways.

Confidential Information

E-mail and Internet/Web access are not entirely secure. Others outside Auto-Chlor System may also be able to monitor your e-mail and Internet/Web access. For example, Internet sites maintain logs of visits from users; these logs identify which company, and even which particular person, accessed the service. If your work using these resources requires a higher level of security, please ask your Manager or IS for guidance on securely exchanging e-mail or gathering information from sources such as the Internet or World Wide Web.

All Employees should safeguard Auto-Chlor System's confidential information, as well as that of customers and others, from disclosure. Do not access new voice mail or e-mail messages with others present. Messages containing confidential information should not be left visible while you are away from your work area.

E-mail and facsimile messages containing confidential information should include the following statement, in all capital letters, at the top of the message: **CONFIDENTIAL: UNAUTHORIZED USE OR DISCLOSURE IS STRICTLY PROHIBITED.**

Security of Information

Although you may have passwords to access computer, voice mail, and e-mail systems, these technical resources belong to Auto-Chlor System, are to be accessible at all times by Auto-Chlor System, and are subject to inspections by Auto-Chlor System with or without notice. Auto-Chlor System may override any applicable passwords or codes to inspect, investigate, or search an Employee's files and messages. All passwords must be made available to IS upon request. You should not provide a password to other Employees or to anyone outside the Company and should never access any technical resources using another Employee's password.

In order to facilitate Auto-Chlor System's access to information on its technical resources, you may not encrypt or encode any voice mail or e-mail communication or any other files or data stored or exchanged on Company systems without the express prior written permission from IS and your Manager. As part of this approval, IS will indicate a procedure for you to deposit any password, encryption key or code, or software with IS so that the encrypted or encoded information can be accessed in your absence.

Your Responsibilities

Each Employee is responsible for the content of all text, audio, or images that they place or send over Auto-Chlor System's technical resources. Employees may access only files or programs, whether computerized or not, that they have permission to enter. **Employees may not install any programs or files without knowledge and approval from the Director of Information Systems.** Violations of any guidelines in this policy may result in disciplinary action up to and including termination. In addition, Auto-Chlor System may advise appropriate legal officials of any illegal violations.

EMPLOYEE COURTESY AND CONDUCT

APPEARANCE AND PERSONAL HYGIENE

Auto-Chlor System employees are judged by appearance, and it is important that we are always business-like in our mode of dress. We require you to dress appropriately for your job. Ask yourself "Could I greet a customer in what I am wearing?" and "Am I meeting hygienic standards for being in a kitchen?" SSR's, Shop and Plant Operations Personnel are provided Auto-Chlor System uniforms regardless of sex.

Appropriate business attire is customary for non-uniformed male / female employees. A dress shirt is customary for non-uniformed male employees. Managers will also be given a service uniform to wear. A shirt with the Auto-Chlor logo may also be worn. No jeans, shorts, halter- tops, tank tops, athletic shoes, or other casual wear is appropriate for either sex. All attire must be neat and clean. Uniforms of all employees need to be completely cleaned and un-wrinkled each day and tucked in at all time. Uniformed employees should only wear white undershirts shirts, no colors, logos that can be seen. It is the manager's responsibility to make sure this occurs. Safety shoes will be required when appropriate.

Auto-Chlor's dress code is conservative due to the wide range of customers we service. If you have questions regarding the clothing requirements of your job, check with your Manager. All employees are expected to practice good personal hygiene and grooming. Facial jewelry, piercing and adornments are forbidden for all personnel. Male employees cannot wear earrings on the job.

Male and female hairstyles must be conservative. Moustaches, Beards and Goatees are discouraged. If worn, they must be neat, short (close to the face) and frequently trimmed. Management will make the determination on whether or not employees meet these set standards. Employees are required to be in compliance or they will be asked to correct it before interacting with our customers.

APPEARANCE OF THE WORKPLACE

Employees are expected to keep their work environment clean and orderly. Before departing in the evening, employees should secure all files and cabinets and clear all materials from their work areas, especially materials of a sensitive or confidential nature. Tools and vehicles should be returned to their designated area and secured. Your cooperation in maintaining a neat work environment will enable the area to be easily cleaned and is important to projecting a professional image for our Company.

Clean and orderly vehicles are especially important in their appearance since the Auto-Chlor logo is prominently displayed. Drivers are expected to keep vehicles clean, inside and outside, on an ongoing basis.

EMPLOYEE UNIFORM

Auto-Chlor supplies its shop, installation and route personnel with a uniform, which includes pants (shorts in hot climates), shirt and jacket, per branch as needed. We supply up to five shirts, and five pairs of pants or shorts per year for shop, installation and route personnel. Other branch personnel will be provided one uniform (shirt and pants) for periodic route or service work. In cases where consistent inclement weather occurs frequently, the Company, at the Regional Manager's discretion, will provide one insulated jacket per year as part of the uniform for the affected branch. In some branches Auto-Chlor System may require a deposit for the use of our uniforms that will be returned upon termination.

Personnel are expected to supply their own belt and proper footwear. Safety footwear is required for many Auto-Chlor positions. Auto-Chlor will reimburse up to \$35.00 per pair. These safety shoes must be slip/skid proof and black in color. Care should be taken to avoid undershirts with contrasting colors or any insignia, which might detract from the Auto-Chlor professional image. Please review Safety Shoe Policy.

ABSENTEEISM AND TARDINESS

Employees are expected to report to work on time, on a regular basis. Unnecessary absenteeism or tardiness is expensive and disruptive and places an unfair burden on the Company, other employees and Managers.

Should you be unable to work because of illness, you must notify your Manager or your department head by 8:00 a.m. on each day of your absence unless you are granted an authorized medical leave. (See the Medical Leave of Absence Policy in this Handbook). The employee must explain the reason for the absence and when a return to work can be expected. It is the employee's responsibility to ensure that proper notification is given. Asking another employee, friend, or relative to leave a message on an answering machine or with a person other than your Manager is not acceptable notification except in cases of emergency. You may be required to have your physician fill out a "Return to Work" authorization that can be obtained through your manager or the HR department.

Unexcused absenteeism or sick leave beyond the amount provided by the Company and without a supporting physician's statement when requested may lead to termination.

BULLETIN BOARDS

Auto-Chlor System's bulletin boards are provided at all locations for the posting of information that will be of interest, value, or help to employees. The bulletin boards are used to communicate official government information on EEO, Wage and Hour, Health and Safety, and other issues. They are also used to communicate information regarding Company policy and Company business and announcements. Employees who wish to post personal notices (e.g., sale of a car, rental of an apartment, etc.) must first obtain approval from their Branch or Regional Manager.

CHANGE OF EMPLOYMENT STATUS

Employee personnel records, deemed essential for efficient operations, will be maintained by Auto-Chlor System. Employees are to promptly report changes in any of the following to their Managers.

1. Name
2. Address
3. Telephone number
4. Marital status
5. Dependents
6. Education including courses completed
7. Other training or skills acquired
8. Military service status
9. Vehicle operation violations
10. Person(s) to notify in case of an emergency.
11. Physical or other limitations, which may necessitate a modified work environment.
12. Life insurance or retirement plan beneficiary changes.
13. Eligibility changes in the medical insurance program.
14. Change in Green Card Status

Managers are responsible for forwarding any such information they receive to the Payroll Department. Once a year employees are requested to review their address and other payroll data.

COMPLAINT RESOLUTION PROCESS

Misunderstandings or conflicts can arise in any organization. It is important that such matters be resolved before serious problems develop. Most incidents resolve themselves naturally; however, should a situation persist that you believe is detrimental to you or to Auto-Chlor System, you should follow the procedures described here for bringing your complaint to management's attention.

- Step 1:** Discuss the problem with your Branch Manager. If, however, you don't believe a discussion with your Manager is appropriate or if your problem is not resolved, you may proceed directly to step two.
- Step 2:** Request a meeting with your Regional Manager. In an effort to resolve the problem, the Regional Manager will consider the facts, conduct an investigation, and may also review the matter with your Branch Manager. You can normally expect to receive a response regarding your problem within five (5) working days of meeting with your Regional Manager.
- Step 3:** If you are not satisfied with your Regional Manager's decision and wish to pursue the problem or complaint further, you may prepare a written summary of your concerns and request that the matter be reviewed by the Human Resources Department. The Human Resources Department will normally advise you of a decision within fifteen (15) working days. The decision of HR shall be final.

Auto-Chlor System does not tolerate any form of retaliation against employees availing themselves of this procedure. The procedure should not be construed, however, as preventing, limiting or delaying Auto-Chlor System from taking disciplinary action against any individual up to and including termination, in circumstances where the Company deems disciplinary action appropriate.

DISCIPLINARY PROCESS

In the event an employee violates rules and policies of the Company and/or fails to meet goals and expectations of the Company, the employee may be reviewed by their Manager using the Auto-Chlor "Notice of Corrective Action" form. The form provides a method for specific violations to be noted, the response of the employee and the Manager's decision. The use of this procedure may vary depending on the nature and severity of a problem. In some cases, verbal correction may suffice; in other circumstances, immediate termination may be necessary. This does not change the "At Will" nature of employment.

We expect that our employees want to be successful and to be part of a successful company. We believe most employees can and will improve when problems or shortcomings in performance are pointed-out clearly and specifically. This process is designed to insure positive and complete two-way communication between Manager and employee.

CUSTOMER COMPLAINTS

From time to time, we all receive complaints from customers. How we handle a complaint affects the customer's impression of Auto-Chlor and may influence how long we keep an account. We should address all complaints tactfully and professionally.

Avoid criticism of other company employees or Auto-Chlor's competitors. If the customer has misused our equipment or chemicals, try to explain the problem without accusing them of wrongdoing. Phrases like, "There must have been a misunderstanding," and "I'm sorry, I should have explained that more carefully," allow you to correct the problem without embarrassing your customers.

If you cannot handle a complaint yourself, do not hesitate to discuss it with your Branch Manager. Give that person a careful description of the problem and what you believe caused it and your recommendation for resolution.

CONFIDENTIALITY OF INFORMATION

It is improper to discuss any confidential information about our customers, our Company or its operations, processes and procedures with anyone outside our Company. Confidential information includes, but is not limited to:

- Machine and Chemical and Ancillary Product Pricing
- Pricing of other products
- Product Formulations
- Company Technology
- Equipment Capabilities
- Company Financial Matters
- Personnel
- Customer Information

It is strictly against Auto-Chlor policy for any Employee to record any conversation related to Auto-Chlor activities without the prior consent of each person involved in the conversation.

ILLNESS AT WORK

Employees who become ill during working hours should notify their Manager. The Manager should make a determination whether to allow the employee to remain on the job or to send the employee home for the remainder of the day.

In no case will an employee be allowed to stay on the job if their presence presents any danger to others or to themselves or if the employee cannot perform their job in a satisfactory manner.

VEHICLES

It is your responsibility to maintain the company vehicles assigned to you. Check the motor oil level, the air pressure in the tires, the water in the radiator, the fan belts and radiator hoses at least twice weekly. If you suspect the car or truck is burning oil or leaking air or water, check the levels daily. For the most accurate reading of the oil level, check the oil in the morning, before the vehicle has been started. Check the air pressure in the tires before you move the car or truck in the morning. At all times you must wear your seatbelt and follow all applicable laws.

It is important that you avoid traffic violations and accidents regardless of whether you are driving a personal or company vehicle. All persons riding in Company vehicles must use the provided lap and shoulder seat belts at all times while the vehicle is in operation. Employees who receive three moving violations in a three-year period may be terminated. We will not hire employees with poor driving records. Employees are required to notify Auto-Chlor System of any moving or non-moving vehicle accidents or incidents within 24hrs even if these incidents occur off duty and in a non Auto-Chlor vehicle.

Because overtime parking tickets for designated parking areas are sometimes difficult to avoid, Auto-Chlor will pay for tickets received during sales and service calls up to a level specified for each Branch. Auto-Chlor will not pay for any moving violations, illegal acts or for using no-parking zones. Your employment is dependent on resolving your parking violations. Employees who do not inform management of tickets will be personally liable for overdue fines or their employment will be terminated.

If you are involved in an accident, follow this procedure:

1. Call the police; ask for medical assistance if necessary. Complete the accident report forms.
2. Obtain the names, addresses and insurance information from the other people involved or witnesses.
3. Report the accident to you manager, or, if you are a manager, to the corporate accounting staff. The corporate office should receive copies of all accident reports, even if you do not expect claims to be made. The Auto-Chlor insurance broker must be informed about all accidents involving company vehicles.
4. Accidents must be reported the day they occur, or, if circumstances prevent immediate notification, by 8:30 A.M. of the next business day.
5. Take a picture of both vehicles if possible.

Auto-Chlor vehicle insurance covers employees, customers, prospective employees and other business associates. You must obtain your manager's permission before carrying your family or friends in an Auto-Chlor vehicle. Under no circumstances should you ever pick up a hitchhiker. Your manager must authorize all vehicle repairs. If emergency repairs are necessary, call your manager for authorization. If you cannot reach the manager after trying several times (and at their home if necessary), you can authorize as much as \$200.00 in repair or towing bills.

We do not allow personal use of Company vehicles. Branch Managers, sales persons and on-call vehicles are allowed to be driven home; all other vehicles should remain at the branch location.

Company personnel must follow and obey all relevant Department of Transportation rules and regulations when driving Company vehicles.

TOOL AND SUPPLIES

Auto-Chlor provides all tools and supplies necessary for the tasks required in running its business. Employees are expected to use these tools properly and safely. Employees who consistently lose or waste tools and supplies may be subject to reprimand and withholding from their paycheck to reimburse the Company for its losses pursuant to applicable state laws. Abuse of Auto-Chlor cell-phone technology can be grounds for termination.

PARKING AND RESPONSIBILITY FOR PERSONAL PROPERTY

Parking spaces or facilities may be provided on Company property for the convenience of the employees on a first-come, first-serve basis. The Company, when providing such facilities, assumes no responsibility for damage to or losses of automobiles or other personal property. The Company also assumes no responsibility for damage to or losses of automobiles or other personal property belonging to employees while conducting Company business.

The Company may provide loss coverage, at its sole discretion, for an employee vehicle parked inside the warehouse when the employee is on evening or weekend on call duty.

PERSONAL CALLS AND VISITS

Much of the Company's business is conducted over the telephone, and the lines must not be tied up with personal telephone calls of a non-emergency nature. If it is necessary to make or take personal calls, you should make them as brief as possible. Employees should not receive personal visitors at work without permission from the Manager. Personal long distance calls should be billed to your personal long distance company (usually via your credit card), not through the Company's long distance service. All employees are required to reimburse the company for personal telephone calls (land based or cellular) in the event they are used for personal business.

LANGUAGE OF COMMUNICATION

For reasons of safety, efficiency and convenience it is required that all work and company related conversation take place using the English language. Auto-Chlor requires that employees that come into contact with hazardous chemicals must be able to speak and understand English during working hours. However, at certain times, it may be advisable for the employee to speak to a customer in that person's native, non-English language.

RESIGNATIONS

Employees wanting to resign are requested to notify the Company at least two (2) weeks in advance of their intended termination. Such notice should preferably be given in writing to your Manager.

TERMINATION OF EMPLOYMENT

All employment relationships with Auto-Chlor System are on an "At Will" basis. Thus, although Auto-Chlor System hopes that our relationship with our employees are long-term and mutually rewarding, the Company reserves the right to terminate the employment relationship at any time. The employee has the right to terminate this relationship at any time also.

The company (Auto-Chlor) interpretations of grounds for suspension or termination are final and binding.

The following are some grounds for immediate suspension and/or termination and are not limited to:

1. Pilfering or the deliberate misuse of Company funds or property.
2. Sabotage or deliberate destruction to Company property.
3. Falsifying or altering Company reports or documents.
4. Non-compliance with Company safety policies.
5. Engaging in fighting, physical assault, or harassment.
6. Intoxication or chemical impairment while on the job.
7. Insubordination.
8. Customer complaint of poor service.
9. Other conduct adverse to the best interest of Auto-Chlor.

Other grounds for suspension and/or termination include, but are not limited to:

1. Poor performance.
2. Inability to perform job requirements, including excessive tardiness and absence.

3. Inability to function effectively with your subordinates, your peers, or your supervisor or customers.
4. Violations of Company policy.
5. Refusal to cooperate in investigation of charges of illegal activity.
6. Conviction of any charges that reflect poorly upon or impair the image of the Company.
7. Other conduct adverse to the best interest of Auto-Chlor.

INVOLUNTARY TERMINATIONS

While the decision to commence employment is consensual, the same is not always true when the time comes to terminate the employment relationship. As an at-will employer, Auto-Chlor reserves the right to end the employment relationship at any time, with or without cause or notice. In the event your employment is terminated, please return all property owned by Auto-Chlor to the Branch Manager prior to your departure.

REDUCTIONS IN FORCE

While Auto-Chlor hopes to continue growing and providing employment opportunities, business conditions, customer demand, and other factors are unpredictable. Changes or downturns in any of these or other areas could create a need to restructure or reduce the number of people employed. In light of these uncertainties, please be advised that it may become necessary to conduct layoffs at some point in the future. In the event that Auto-Chlor determines to lay off any Employee or a number of Employees, Auto-Chlor retains full discretion to select which Employee(s) will be laid off.

EXIT INTERVIEWS

Before leaving, you may be asked to participate in a voluntary exit interview. This will provide closure to your employment with Auto-Chlor and will allow Auto-Chlor to ensure that it has resolved various administrative matters, answered any questions about continuation of benefits, and listened to any of your comments or ideas about improving Auto-Chlor's operations.

REFERENCES

All reference requests should be directed to the Human Resources Department. No other Manager or Employee is authorized to release references for a current or former Employee.

HEALTH & SAFETY

The health and safety of Employees and others on Auto-Chlor property are of critical concern to Auto-Chlor. We strive to attain the highest possible level of safety in all activities and operations. Auto-Chlor also intends to comply with all health and safety laws applicable to our business.

To this end, Auto-Chlor must rely upon Employees to ensure that work areas are kept safe and free of hazardous conditions. Employees should be conscientious about workplace safety, including proper operating methods and known dangerous conditions or hazards. You should report any unsafe conditions or potential hazards to your Manager immediately; even if you believe, you have corrected the problem.

If you suspect a concealed danger is present on Auto-Chlor's premises, or in a product, facility, piece of equipment, process, or business practice for which Auto-Chlor is responsible, bring it to the attention of your Manager immediately. Managers should arrange for the correction of any unsafe condition or concealed danger immediately. No recreational weapons are allowed on or in Auto-Chlor System Property.

Periodically, Auto-Chlor may issue rules and guidelines governing workplace safety and health. All Employees should familiarize themselves with these rules and guidelines, as strict compliance will be expected. Contact your Manager for copies of current rules and guidelines. Failure to comply strictly with rules and guidelines regarding health and safety or negligent work performance that endangers health and safety will not be tolerated.

Additionally, Auto-Chlor has developed a written HAZCOM and Injury Illness and Prevention Plan (HAZCOM/IIPP) (which includes Auto-Chlor's Emergency Response Plan) as required by law. If you wish to receive your own copy of the HAZCOM/IIPP, please contact the Human Resources Department. It is your responsibility to read, understand, and observe the HAZCOM/IIPP provisions applicable to your job.

Any workplace injury, accident, or illness must be reported to your Manager as soon as possible, regardless of the severity of the injury or accident. If medical attention is required immediately,

Managers will assist Employees in obtaining medical care, after which the details of the injury or accident must be reported.

CELL PHONE POLICY WHILE OPERATING A VEHICLE

Cellular telephones and two-way radios (Nextel) can have great benefits for communication among employees, customers and potential customers. Rules and regulations vary among states regarding usage of these devices while driving.

It is our policy to always be in compliance with State laws. The purpose of our cell-phone policy is to provide guidelines that maximize our efficient use of these devices while conforming to local laws and good safety practices.

We do not allow any cell phone calls/text messages to be initiated from a moving vehicle unless a real and dire emergency or safety situation exists (company owned or personal cell phones). Calls may be received as long as the respondent uses a "hands free" system. We will provide "hands free" systems for management personnel in order that they may receive telephone calls while traveling.

Two-way (Nextel) conversations and reading messages from Nexnote cannot be conducted from a moving vehicle either from a receiving or sending mode. As much as possible, messages should be paged (Nexnote or via the internet) to our personnel.

SAFETY EQUIPMENT

Auto-Chlor provides each employee with the necessary equipment to ensure on-the-job safety. Wear it and use it at all times.

1. Safety shoes - Shoes worn in designated areas must have a closed heel and closed toe, and heels should be no higher than 1 inch. In areas where chemicals are used, your shoes must be made of a water repellent material (Please refer to Auto-Chlor's Safety Shoe Policy and reimbursement program).

2. Safety gloves are provided where needed.

3. Safety glasses will be provided and required in designated areas including in the field.

Your Manager is responsible for the general upkeep as well as the safety of the work environment. You will be accountable to your Manager for the general housekeeping of your work-station and general work area as well as the safe operation of your equipment. You must report any hazardous conditions of equipment, tools, or safety gear to your Manager immediately. Failure to do so may result in corrective action.

The Manager is responsible for ensuring that an ill or injured employee receives prompt first aid and/or medical attention from a qualified First Aid Attendant. If necessary, the employee will be taken to a designated hospital or clinic for treatment. You must bring a doctor's certificate when you return to work stating the type and duration of the injury, any limitations it may cause to your work, and permission to return to work.

You must immediately report all work-related accidents and injuries, no matter how minor, to your Manager, who in turn must report the incident immediately to the Human Resources Department.

POLICIES AGAINST WORKPLACE VIOLENCE

Auto-Chlor recognizes that violence in the workplace is a growing nationwide problem necessitating a firm, considered response by employers. The costs of workplace violence are great, both in human and financial terms. We believe that the safety and security of Auto-Chlor Employees are paramount. Therefore, Auto-Chlor has adopted this policy regarding workplace violence.

Acts or threats of physical violence, including intimidation, harassment, and/or coercion, that involve or affect Auto-Chlor or that occur on Auto-Chlor property or in the conduct of Auto-Chlor business off Auto-Chlor property will not be tolerated. This prohibition against threats and acts of violence applies to all persons involved in Auto-Chlor operations, including, but not limited to, Auto-Chlor personnel, contract workers, temporary employees, and anyone else on Auto-Chlor property or conducting Auto-Chlor business off Auto-Chlor property.

WEAPONS AT WORK -

Auto-Chlor System believes in maintaining a safe and healthy workplace, in part by promoting open, friendly, and supportive working relationships among all employees. Violence or threats of violence have no place in our business. Employees are strictly prohibited from bringing any weapons, including knives, pistols, rifles, stun guns, Mace, etc., onto company property-even if licensed. Any violation of this policy is grounds for termination.

Violations of this policy, by any individual, will lead to disciplinary and/or legal action as appropriate. This policy is intended to bring Auto-Chlor into compliance with existing legal provisions requiring employers to provide a safe workplace; it is not intended to create any obligations beyond those required by existing law.

Definitions

Workplace violence is any intentional conduct that is sufficiently severe, offensive, or intimidating to cause an individual to reasonably fear for his or her personal safety or the safety of his or her family,

friends, and/or property such that employment conditions are altered or a hostile, abusive, or intimidating work environment is created for one or several Auto-Chlor Employees. Workplace violence may involve any threats or acts of violence occurring on Auto-Chlor premises, regardless of the relationship between Auto-Chlor and the parties involved in the incident. It also includes threats or acts of violence that affect the business interests of Auto-Chlor or that may lead to an incident of violence on Auto-Chlor premises.

Threats or acts of violence occurring off Auto-Chlor premises that involve Employees, agents, or individuals acting as a representative of Auto-Chlor, whether as victims of or active participants in the conduct, may also constitute workplace violence. Specific examples of conduct that may constitute threats or acts of violence under this policy include, but are not limited to, the following:

- a. Threats or acts of physical harm directed toward an individual or his/her family, friends, associates, or property;
- b. The intentional destruction or threat of destruction of Auto-Chlor property or another Employee's property;
- c. Harassing or threatening phone calls, letters or emails;
- d. Surveillance;
- e. Stalking;
- f. Veiled threats of physical harm or similar intimidation; and
- g. **Any conduct resulting in the conviction under any criminal code provision relating to violence or threats of violence that adversely affects Auto-Chlor's legitimate business interests. Workplace violence does not refer to occasional comments of a socially acceptable nature. These comments may include references to legitimate sporting activities, popular entertainment, or current events. Rather, it refers to behavior that is personally offensive, threatening, or intimidating.**

Any person who engages in a threat or violent action on Auto-Chlor property may be removed from the premises as quickly as safety permits and may be required, at Auto-Chlor's discretion, to remain off Auto-Chlor premises pending the outcome of an investigation of the incident.

When threats are made or acts of violence are committed by Employee(s), a judgment will be made by Auto-Chlor as to what actions are appropriate, including possible medical evaluation and/or possible disciplinary action.

Once a threat has been substantiated, it is Auto-Chlor's policy to put the threat maker on notice that he/she will be held accountable for his/her actions and then implement a decisive and appropriate response.

Under this policy, decisions may be needed to prevent a threat from being carried out, a violent act from occurring, or a life-threatening situation from developing. No existing policy or procedure of Auto-Chlor should be interpreted in a manner that prevents the making of these necessary decisions.

Important Note: Auto-Chlor will make the sole determination of whether, and to what extent, threats or acts of violence will be acted upon by Auto-Chlor. In making this determination, Auto-Chlor may undertake a case-by-case analysis in order to ascertain whether there is a reasonable basis to believe that workplace violence has occurred. No provision of this policy shall alter the "At-Will" nature of employment at Auto-Chlor.

SMOKING POLICY

It is the current policy at Auto-Chlor System to respect the rights of the non-smoking and smoking employees. Smoking is prohibited in all areas which are designated "Non Smoking" by management. These include all company vehicles and inside all branch locations. Employee smoking should only occur during breaks and lunch, in defined areas.

EMPLOYEE SUGGESTION POLICY

Suggestions for improvement of our Company are always encouraged and welcome. Please feel free to make constructive comments, either orally or in writing, to your Manager or other management personnel directly related to the area of your suggestion.

CONFLICT OF INTEREST

The Company expects employees to perform their duties using their best impartial judgment. To maintain their independence of judgment, employees must avoid any potential conflict of interest or appearance of compromise that might arise because of one's economic or personal self-interest. In that regard, the personal financial interests of an employee or his or her immediate family may not conflict in any manner with the employee's duties and responsibilities. Employees shall not engage in any outside employment, including self-employment, that may embarrass or discredit or be in

competition with the Company or affect the employees' own impartiality, objectivity or efficiency in performing work duties.

The offer of gifts or unpaid services for personal use by another company's employee or representative in return for favorable business decisions is prohibited. The Company does not preclude employees from providing or accepting meals or refreshments which are business related and which are properly reported in accordance with Company policy. Business meetings with vendor personnel should be arranged whenever possible, during standard working hours. If this is not practical, meetings may be conducted during meal periods.

The use of the Company's name or purchasing power to obtain discounts or rebates made for personal use, other than offers made to all employees, is prohibited. The request or acceptance of gifts in the form of merchandise, cash, services, travel, or gift certificates by an employee or the employee's family from suppliers or other persons with whom the Company does business is also generally unacceptable.

It is the Company's policy to negotiate for a price concession from suppliers in lieu of premiums, gifts, or merchandise. If price concessions cannot be negotiated, then employees must immediately turn over to the Company any premium, gift, or merchandise that is received. The Company will accept these gifts providing they are part of the supplier's overall sales program and they will be used as annual meeting prizes, grand opening gifts, or for employee drawings in which all employees would be eligible. An employee may not request or solicit gifts, free meals or food or special personal considerations of any kind.

Gifts of nominal value (such as pens, calendars, Christmas candy, etc.) which are motivated by an exchange of personal courtesies common to generally accepted business practices are permitted unless a business obligation might be incurred or reasonably implied. From time to time, an employee may also receive business-related invitations to activities such as fishing trips, sporting events and recreational outings that involve partial or complete payment of expenses by the host.

Employees should decline any invitation if there is reason to believe that the invitation was extended for the purpose of obtaining special Company consideration or concessions. Under other circumstances, occasional acceptance of such invitations may be proper and within Company policy. Such invitations must be considered in light of the cost involved, business purpose, and duration of such events and an employee's occasional acceptance of such invitations must be approved by his or her Manager. An employee shall not, however, be considered to be an agent of the Company or to be acting within the scope of his or her employment while traveling or participating in any activities in connection with such invitations.

Vendor and Customer Relations

It is the Company's policy to maintain and practice the highest possible standard of business ethics, professional courtesy and competence in all its dealings with its vendors and customers. Honesty and trustworthiness are essential for good long-lasting relationships. Misrepresentation and

misunderstandings must be corrected when employees find they exist. In those regards, employees are expected to deal with all vendors and customers in accordance with the following guidelines:

1. Accord all vendors and customers prompt and courteous reception, as well as fair and equal treatment.
2. Do not take advantage of a vendor's or customer's errors and show consideration for a vendor's or customer's difficulties by cooperating whenever possible.
3. Remain free from any personal obligation to any vendor or customer. Complete all contracts accurately and honestly in accord with company guidelines for pricing, delivery, etc.
4. Provide equal opportunity to all vendors to make price and specification quotations and guarantee the confidentiality of those quotations.
5. Explain as clearly and as fully as possible to vendors the reasons for the Company's rejection of their proposal or for the removal of their item(s) from the Company's line.
6. Keep current vendors informed if a new vendor is making a proposal to replace their item(s) in the Company's line.
7. If, for any reason, one vendor is permitted to requote, give that vendor's competitors the same opportunity.

EMPLOYEE BENEFITS

VACATION

Auto-Chlor System recognizes the importance of vacation time and providing the opportunity for rest, recreation, and personal activities and provides these benefits for regular, full-time employees. Employees are encouraged to utilize their earned vacation days in the 12 months after the year earned. Vacation days may be carried over to a cap of 200 hours. No vacation will be accrued once the cap is reached. Employees who received three or four weeks of vacation per year may opt to be paid for 1 week of vacation time annually. This must have regional management approval.

The earned vacation schedule is as follows:

All full time employees are eligible for accrued vacation as follows:

1-6 years of employment	80 accrued hours
7-12 years of employment	120 accrued hours
13 + years of employment	160 accrued hours

At start of employment, hours are accrued at the rate of 6.16 hours per 4-week period. After the 6th year of employment, hours are accrued at the rate of 9.24 hours per period; after 12 years of employment the accrual rate is 12.32 per period.

Vacation schedules must be approved by your Manager. Requests for vacation should be made at least four weeks in advance. If a holiday falls within a vacation period, an extra day is granted.

Vacation time should generally be used in full days only and in full week increments. If you need half-days or additional time off, discuss it with your Manager. Employees terminating employment are entitled to payment for unused vacation.

HOLIDAYS

Auto-Chlor System observes the following holidays:

- New Year's Day January 1
- President's Day*
- Memorial Day
- Independence Day July 4
- Labor Day
- Thanksgiving Day
- Christmas Day December 25

All full-time employees with more than 30 days employment qualify for these paid Holidays if they work the business day before and after the Holiday. Should an employee schedule vacation time it needs prior approval. Usage of sick leave prior and after a scheduled Holiday will require a Dr's note with the company reserving the right to question the unplanned absence. To be eligible for holiday pay you must have work the day before and after the holiday or have a company excused absence.

*Branches will operate on President's Day. Employees will be allowed to take a personal day off at a mutually agreed upon time during the remainder of the calendar year following President's Day (if eligible for Presidents. Day holiday pay).

In the event a holiday falls on a Saturday, the Friday before will be our observed holiday. Mondays will be the observed holiday when holidays fall on a Sunday.

DIRECT DEPOSIT

Auto-Chlor offers direct deposit of your bi-weekly paycheck to your checking or savings account. To participate in this plan, simply complete the direct deposit authorization and return to Corporate. Your direct deposit will take effect on the second payday after your authorization is received.

EDUCATIONAL BENEFITS

Auto-Chlor encourages employees to continue their education with classes and seminars. The Company will often help full-time employees finance educational programs directly related to your assignments. Check with your Regional Manager if you are interested in a particular class. Under normal circumstances, the Company will provide a 50% reimbursement for completion of pre-approved classes and seminars. If the Company requires an individual to take a class, the reimbursement will be paid at the time of enrollment. All classes need prior approval from the Regional Manager and the Director of Human Resources.

FUNERAL LEAVE

Full-time employees will be allowed a paid absence in connection with the death of an immediate relative (i.e., spouse, child, parent, grandparent, sibling or step-child, step-parent or step sibling).

Requests for funeral leave should be made to your Manager, Regional Manager and notice given to the Human Resources Department. Funeral leave paid absences are allowed up to three days annually. Absence in connection with the death of other relatives or additional unpaid funeral absences will be determined at the sole discretion of management.

PRODUCT SAMPLES

One of your benefits as an Auto-Chlor employee is personal use of samples of the products manufactured and carried by your branch. To reduce the cost of these samples, please remember to take only what you personally need and to return the containers. You will need to sign a logbook entry when ever taking products for your personal use.

"Resale" chemicals, not manufactured by Auto-Chlor will be sold to the employee at cost plus 10%, plus applicable sales taxes. The employee assumes all liability and risk in the transport and personal use of chemicals. Proper safety procedures must be followed in the use of these products.

SICK LEAVE

All full-time employees are eligible for paid sick days after 90 days of employment in the following manner:

- In each anniversary year of employment, employees will earn 3.08 hours for each 4-week period of employment completed in that year (5 days a year), except the first year where a maximum of 31 hours may be earned.
- Sick days may be taken as needed at any time during the same year, provided earned hours are available.
- Employees must complete 90 days of employment before becoming eligible. Sick leave hours begin to accumulate at that time.

The Company, at its discretion, may ask the employee for a physician's statement to verify illness or the ability to return to work. Unused sick leave will not be paid but may be accumulated and carried to future years for extended time off required by surgery or illness.

Sick leave may be used to care for parents, child, spouse, or domestic partner with the same criteria applied as for the employee. Auto-Chlor System will follow all State and Local regulations regarding sick leave.

LEAVES OF ABSENCE

General Provisions

Auto-Chlor may grant a leave of absence in certain circumstances. You should request a leave of absence from your Manager (within 3 days) in writing as soon as you become aware that you may need a leave of absence. Auto-Chlor will consider your request in accordance with applicable law and Auto-Chlor's leave policies. You will be notified whether your leave request is granted or denied. If you are granted leave, you must comply with the terms and conditions of the leave, including keeping in touch with your Manager or the Director of Human Resources during your leave and giving prompt notice if there is any change in your return date. Leaves are unpaid. Auto-Chlor may allow you to use accrued paid sick/vacation time to cover some or all of the leave. If your leave is medically related you will be required to have a physicians discharge upon return.

You must not accept other employment or apply for unemployment insurance while you are on a leave of absence. Acceptance of other employment while on leave will be treated as a voluntary resignation from employment at Auto-Chlor. Benefits, such as vacation, sick leave and holidays, will not accrue while you are on a leave of absence. You are required to continue your payment of medical deductions. Failure to do so may terminate your medical coverage. In some circumstances, benefits will be provided under the same terms as if you had continued employment for up to 12 weeks. Please contact the Human Resources Department for further benefit information. Upon return from a leave of absence, you will be credited with the full employment status that existed prior to the start of the leave. It is your responsibility as an employee to request leave paperwork when you go out on leave even if it is for Workers Compensation reasons.

Auto-Chlor may hold in abeyance or proceed with any counseling, performance review, or disciplinary action, including discharge, that was contemplated prior to any Employee's request for or receipt of a leave of absence or that has come to Auto-Chlor's attention during the leave. If any action is held in abeyance during the leave of absence, Auto-Chlor reserves the right to proceed with the action upon the Employee's return. Requesting or receiving a leave of absence in no way relieves Employees of their obligation while on the job to perform their job responsibilities capably and up to Auto-Chlor's expectations and to observe all Auto-Chlor policies, rules, and procedures.

Family and Medical Leave

Auto-Chlor will grant family and medical leave in accordance with the requirements of applicable state and federal law in effect at the time the leave is granted. No greater or lesser leave benefits will be granted than those set forth in the relevant state or federal laws. In certain situations, the federal law requires that provisions of state law apply. In any case, Employees will be eligible for the most generous benefits available under either law. Please contact your Manager as soon as you become aware of the need for a family and medical leave.

Employee Eligibility

To be eligible for family and medical leave benefits, you must: (1) have worked for Auto-Chlor for a total of at least 12 months; (2) have worked at least 1,250 hours over the previous 12 months; and (3) work at a location where at least 50 Employees are employed by Auto-Chlor within 75 miles.

Leave Available

Eligible Employees may receive up to a total of 12 work weeks of unpaid leave during a 12-month period.

Leave may be used for one or more of the following reasons: (1) for the birth or placement of a child for adoption or foster care; (2) to care for an immediate family member (spouse, child, or parent) with a serious health condition; or (3) to take medical leave when the Employee is unable to work because of a serious health condition. Under some circumstances, Employees may take family and medical leave intermittently. If you are pregnant, you may have the right to take a pregnancy disability leave in addition to a family and medical leave.

Notice & Certification

If you need family and medical leave, you are required to provide advance notice and medical certification. You will be required to periodically check in during you leave.

Benefits During Leave

Auto-Chlor will maintain, for up to a maximum of 12 work weeks of family and medical leave, any group health insurance coverage that you were provided before the leave on the same terms as if you had continued to work. Please contact the Human Resources Department for further information.

Job Reinstatement

Under most circumstances, upon return from family and medical leave, you will be reinstated to your previous position, or to an equivalent job with equivalent pay, benefits, and other employment terms and conditions. However, upon return from a family and medical leave, you have no greater right to reinstatement than if you had been continuously employed rather than on leave.

California Paid Family Leave

Employees in California are eligible for Paid Family Leave for up to six weeks through the California State Employment Department. For further information please contact the HR department.

State Mandated Additional Family Leave

Employees in some states are eligible for state specific leave. For further information please contact the HR department.

Pregnancy Disability Leave

Employee Eligibility

Auto-Chlor will grant an unpaid pregnancy disability leave if you are disabled because of your pregnancy, childbirth, or a related medical condition. This leave will be granted in accordance with the requirements of applicable state and federal law in effect at the time the leave is granted. No greater or lesser leave benefits will be granted than those set forth in the relevant state or federal laws. In certain situations, the federal law requires that provisions of state law apply. For further information regarding your eligibility please contact the Human Resources Department. **Leave taken under the pregnancy disability policy runs concurrently with family and medical leave under federal law, but not under all State laws.**

Workers Compensation Leave

Employee Eligibility

Auto-Chlor will grant you a workers' compensation disability leave in accordance with state law if you incur an occupational illness or injury. As an alternative, Auto-Chlor may offer you modified work. **Leave taken under the workers' compensation disability policy runs concurrently with family and medical leave under both federal and state law.** For Benefit information please contact the Human Resources Department.

Military Leave (Active And Reserve Service)

Leave without pay is provided when you enter military service of the Armed Forces of the United States or are in the Armed Forces Reserves. You are afforded reemployment rights and retain full seniority benefits for all prior service upon reemployment in accordance with the Uniformed Services Employment and Reemployment Rights Act. You need to bring your military service orders to the Director of Human Resources for review prior to commencement of the leave.

Personal Leaves of Absence

A personal leave of absence without pay and benefits for up to 12 weeks may be granted at the discretion of Auto-Chlor. Requests for personal leave should be limited to unusual circumstances requiring an extended absence. **Use of Vacation Pay/Sick Leave during personal leaves will be up to Auto-Chlor.** Additionally, a maximum of 12 weeks of a Personal Leave of Absence may be granted within a 12-month period. **Employees are hereby notified that Auto-Chlor does not guarantee reinstatement following a personal leave.** You may continue your group health

insurance coverage through Auto-Chlor in conjunction with federal COBRA guidelines by making monthly payments to Auto-Chlor for the amount of the relevant premium. You should contact the Human Resources Department for further information.

Voting Time Off

If you cannot vote in a statewide public election before or after working hours, then you will be allowed sufficient, time off to go to the polls. Auto-Chlor will pay you for up to the first two hours of absence from regularly scheduled work that is necessary to vote in a statewide public election. Auto-Chlor strongly encourages absentee voting. Any additional time off will be without pay. You must give reasonable notice to the Director of Human Resources and your Manager of the need to have time off to vote, which must be given at least three (3) days prior.

Time Off to Attend School Activities

Leave for school activities may be granted pursuant to individual State and Federal guidelines. Please contact your Manager and the Director of Human Resources if time off may be needed for this reason. **This leave is not valid in all states that Auto-Chlor operates in.**

Jury Duty Leave

Auto-Chlor System believes that jury duty is a civic responsibility. If you are a full-time employee who serves on a jury, Auto-Chlor System pays 50% of your salary for the amount not covered by your Jury Duty allowance during your active period of jury duty for up to a maximum of ten (10) working days per calendar year. You should retain the jury duty allowance you receive from the court for such services. To request jury leave, you should submit to your supervisor a copy of the summons to serve as soon as possible after it is received. Certain States provide additional benefits and employees should contact the HR department for more information.

HEALTH AND RELATED BENEFITS

Our Employee Benefit Program

Auto-Chlor System has established a variety of employee benefit programs designed to assist you and your eligible dependents in meeting the financial burdens that can result from illness, disability, and death, and to help you plan for retirement. This section of the Handbook is meant to highlight some features of our benefit programs. Our Group Medical, Dental, Life Insurance and Profit Sharing programs are described more fully in Summary Plan Description booklets, which you will be provided once you are eligible to participate in these programs.

Complete descriptions of our Medical, Dental, Life and Profit Sharing programs are also contained in the Auto-Chlor System's master insurance contracts and master plan documents. These documents are maintained in the Corporate Financial Department and are available for your inspection.

In the event of any contradiction between the information appearing in the Handbook and our Summary Plan Description booklets and the information that appears in these master contracts or master plan documents, the master contract/documents shall govern in all cases.

Auto-Chlor System reserves the right to amend or terminate any of these programs or to require or increase employee premium contributions toward any benefits at its discretion.

For more complete information regarding any of our benefit programs, please contact our Human Resources Department.

MEDICAL INSURANCE BENEFITS

All full-time employees and their eligible dependents may elect to enroll in the Company's medical insurance program. Eligibility to participate becomes effective on the **first day of the calendar month following ninety (90) days of continuous employment**. Enrollment cards should be completed immediately upon employment. To be considered a full-time employee, each person must work 30+ hours average per week during each Auto-Chlor four-week period.

If you do not enroll within 90 days of eligibility, you must fill out an Evidence of Insurability Application if and when you do request coverage. You must add any new dependents within 30 days of their becoming eligible. Greater detail relating to coverage is contained in the summary Plan Description booklet given to you upon enrollment. You are responsible for complying with the provisions of the plan, including the filing of claims with the designated agent for claims services.

TERMINATION AND CONTINUATION OF BENEFITS

Your group medical insurance benefits cease upon termination of employment. Upon termination, you may be eligible for benefits as covered under the COBRA regulations.

If you retire, resign or are terminated from Auto-Chlor System's employment, or if your work hours are reduced, and this event makes you and your dependents no longer eligible to participate in our medical insurance plan, you and your eligible dependent may have the right to continue to participate for up to eighteen (18) months at your (or your dependents') expense.

The Human Resources Department maintains a complete and detailed description of your options and eligibility provisions under COBRA (the Consolidated Omnibus Budget Reconciliation Act of 1985). Should you have any questions concerning COBRA, please feel free to contact the Human Resources Department.

GROUP LIFE INSURANCE PLANS

Auto-Chlor System provides group term life insurance for all full-time employees. You will be eligible to participate in this insurance the first day of the month following ninety (90) days of continuous employment. This is part of the total benefit package and employees who choose not to participate in our benefit programs will not be covered. The amount of insurance is \$25,000.00 for death by natural causes. Additional amounts are paid in the event of accidental death or dismemberment. Additional Life insurance buy-up options are available. A limited long-term disability program is also provided under our life insurance program.

WORKERS COMPENSATION PLAN

Auto-Chlor System covers all employees under a Workers' Compensation Insurance Policy for job related injuries. Your Manager should be notified immediately of a job-related accident or injury. The Workers' Compensation Insurance Carrier will process all claims and review each case. The dollar amount received by the employee and the amount of time before payment is governed by individual state laws and varies from state to state.

COMPENSATION POLICIES

CLASSIFICATION OF EMPLOYMENT

Auto-Chlor System classifies its employees as follows:

Full-Time Employee: Employees hired to work the Company's normal, full-time workweek on a regular basis. Employees who work a minimum of thirty (30) hours a week over each Auto-Chlor four week period (120 + hours) will be considered full-time employees for payroll and benefit purposes.

Part-Time Employees: Employees hired to work fewer than thirty (30) hour per week on a regular basis; these employees will not be eligible for any of the benefits described in their Employee Handbook.

Temporary Employees: Employees engaged to work full-time or part-time on the Company payroll with the understanding that their employment will be terminated upon completion of a specific assignment. However, the temporary employee may be offered and may accept a new temporary assignment with the company and thus still retain temporary status. These employees will not be eligible for any of the benefits described in this Employee Handbook.

An employee hired from a temporary employment agency for specific assignments is an employee of the respective agency and not of the Company.

REGULAR PAY PERIODS

Auto-Chlor System provides 26 pay periods per year for all employees. Employees who are out of town or absent on payday will have their paychecks retained in the Payroll Department or branch office unless you arrange otherwise.

Pre-vacation advances may be allowed at the discretion of your Manager and the Corporate Controller, however, under normal circumstances we do not allow payroll advances.

OVERTIME WAGES

Overtime wages will be paid in accordance with the applicable laws. All overtime must be pre-approved. Any employee who works unauthorized overtime will be subject to discipline, up to and including termination for repeated offenses.

SAVINGS PLAN

Auto-Chlor System has a voluntary Savings Plan. The Payroll Department will deduct specified amounts from your earnings every pay period. After December 1st, a check will be issued to you for

the total amount credited to your Savings Account plus a 3%-10% contribution from Auto-Chlor System. This contribution will only be on the first \$50,000 contributed. Contribution will be determined on November 1 and based on the 30-year US Treasury bond rate plus 3% or 10%, whichever is less. You can withdraw the money or allow it to rollover for the next year. You are eligible to participate upon date of hire. You may discontinue the plan any time during the year, but you will only receive your contributed amount.

The minimum amount that may be deducted per pay period is \$5.00, and the maximum limit is \$500 per pay period (2weeks). After June 1 of every year, current participating employees are limited to increasing the amount deducted every pay period by an additional \$100. After June 1 of every year, new participants may deduct up to a maximum of \$250 per pay period. New participants after initial deduction choice is made are allowed to increase the amount deducted by an additional \$100 per pay period up to a maximum of \$250 per pay period. After contribution check for current plan year is paid, all employees may increase deductions up to the plan maximum of \$500 per pay period.

Notification prior to Day 1/Day 11 must be given to the Payroll department should you need your funds. MidSouth- notification needs to be prior to Day 5/Day 15. You are limited to four withdrawals annually. On your fourth withdrawal your entire balance is cashed out and no new contributions will be allowed until the next plan year. The necessary participation forms may be obtained from the Payroll Department.

PROFIT SHARING

Auto-Chlor of Washington also has established a profit sharing program. To be eligible, you must be at least 18 years of age and have worked for the company at least six months. Employees can be enrolled in the program each January so if you join the company after January 1 and before June 30, you will be enrolled the next January. However, if you join Auto-Chlor after June 30, you will wait more than six months to be enrolled. **FOR EXAMPLE: suppose you start work June 15, 1992 and a friend joins the Company September 15, 1992. You will have completed your six-month waiting period by January 1, 1993, so you can be enrolled then. Your friend, however, will not complete the waiting period until the next spring so that person will not be enrolled in the program until January, 1994.**

The Company makes contributions based on profits; these contributions cannot exceed 15 percent of the compensation for those employees participating in the plan.

If you leave the company before retirement, your contributions can be paid to you within 120 days of the end of the next plan year in which you have had a break in service or you can wait until retirement age to take the funds.

If you withdraw your contributions before retirement, you may pay substantially higher taxes on the money than if you allow it to remain invested until after retirement; then you will probably be in a lower income tax bracket.

Years in the Program

Vested Percentage

2	20 percent
3	40 percent
4	60 percent
5	80 percent
6	100 percent

Please see the Profit Sharing Plan Summary Plan description for a more detailed explanation of the Plan.

401(k) DEFERRED COMPENSATION PLAN

As part of Auto-Chlor System's benefits package, we offer our employees the ability to defer a portion of their income tax-free into a 401(k) Plan. All employees who have completed their first 90 days of employment are eligible to participate. Limits on contributions are subject to applicable federal laws.

GENERAL INFORMATION AND PROCEDURES

EXPENSE ACCOUNTS

Many work-related expenses are billed directly to Auto-Chlor. Salespeople and Managers drive vehicles provided by the Company; employees who drive Auto-Chlor vehicles have access to company fuel tanks or corporate credit cards. Employees who incur other expenses can be reimbursed from petty cash, or by submitting a list of expenses with receipts to the accounting staff. Employees are expected to provide receipts for all business expenses. What are typical expense account items? Travel authorized by Manager, lodging and meals on overnight routes, lunches for prospective customers and other expenses, as approved by your Branch or Regional Manager.

If you are assigned a Company charge card, it may not be used for personal expenses. On overnight trips from the branch, route or salespersons should keep their motel bill under \$60.00. Auto-Chlor reimburses breakfast and dinner meals up to \$10.00 and \$18.00 respectively, including beverage, tax, and tip. Telephone calls to check in with family are covered. The calls should be short and confined to basic discussion of family well-being.

REPORTS

Careful record keeping is another of your responsibilities as an Auto-Chlor employee. Your reports should be accurate, neat and on time. Route reports must be submitted the same day the route is run.

ON-CALL

To provide round-the-clock service, Auto-Chlor must at all times have people on-call. Members of the service and route crew (and in some branches, the sales staff) take the on-call duty in rotating shifts of one week each. When you are on-call, you must stay within range of the electronic paging device (the "beeper"). Call your message center (ASAP) at least four times a day to ensure you are receiving all the service calls.

If you take your vehicle home while you are on-call, keep it locked. Never leave the keys in it, even when the truck is in your driveway. Whenever possible, wear your uniform when making a service call.

When you have important personal responsibilities for an evening or a weekend (for example, when you are participating in a wedding), try to trade on-call duty with a co-worker (with Manager's approval). If that is impossible, consult your Manager. Holiday on-call duty is arranged by Branch Managers to ensure that the responsibility is divided fairly.

PERFORMANCE REVIEWS AND EVALUATIONS

During your first 90 days on the job at Auto-Chlor, you will receive on-the-job training from your co-workers and Manager. You will also be expected to study the training videos and literature that apply to your job.

After 90 days, you and your Manager will discuss your advancement. You'll be reminded of any weaknesses that you'll need to correct in the months ahead.

Performance evaluations are valuable tools for both you and your Manager. Because Auto-Chlor promotes its own personnel whenever they are qualified for openings on our staff, it is important that Managers be aware of every employee's interests. For this reason, all full-time employees should review their work with their Managers at least once a year. You and your Manager will find the employee evaluation form helpful; you can go over the form yourself, evaluating your own performance and opportunities for improvement before you sit down with your Manager.

Salaries are usually reviewed yearly. Salary discussions, which are not to be held at the same time as performance evaluations, are usually scheduled for the early part of the year. Salaries are based on your performance, your improvement in the previous year, the Auto-Chlor salary range, inflation, the economy and the funds available. A performance review is not to be considered a salary review, although performance is considered when salaries are reviewed. Auto-Chlor does not recognize seniority for purposes of pay rate, advancement or layoff.

CONCLUSION

Many Auto-Chlor policies and Employee benefits have been treated only briefly in this Employee Handbook. If you have any questions or want more information, your Manager and/or the Director of Human Resources will be happy to help you with questions or problems.

The employee handbook consists of the following sections:

- INTRODUCTION
- WELCOME TO AUTO-CHLOR SYSTEM
- STATEMENT
- EMPLOYMENT POLICIES
- EMPLOYEE COURTESY AND CONDUCT-PROFESSIONAL IMAGE
- EMPLOYEE BENEFITS
- HEALTH AND RELATED BENEFITS
- COMPENSATION POLICIES
- GENERAL INFORMATION AND PROCEDURES
- STATEMENT OF AWARENESS

PLEASE READ AND SIGN THE NEXT PAGE TO INDICATE THAT YOU HAVE RECEIVED AND UNDERSTAND THIS HANDBOOK AND RETURN THIS FORM TO YOUR MANAGER AS SOON AS POSSIBLE PRIOR TO YOUR FIRST PAYCHECK AS AN AUTO-CHLOR EMPLOYEE.

STATEMENT OF AWARENESS**THIS STATEMENT OF AWARENESS SHOULD BE READ CAREFULLY BEFORE SIGNING.**

I have read and fully understand the rules and policies described in this handbook and I understand that they may be changed by the Company at any time without prior notice to me. I understand that any changes in the rules and policies will be in writing. I understand that any violation or deviation from the Company's rules and policies by me is a serious matter and may result in disciplinary action, including discharge. I agree to conform to the rules and policies of the Company.

I understand that, although certain of the Company's rules and policies specifically provide for discharge in the event of violation, the circumstances under which I may be discharged are not limited to failure to comply with those or any other rules or policies contained in this handbook. I understand that my employment by the Company can be terminated with or without cause and with or without notice, at any time, at my option or at the option of the Company. I understand that no manager or representative of the Company other than its Chief Executive Officer has any authority to enter into any agreement with me for employment not covered in the provisions of this Statement of Awareness. I understand that no manager or representative of the Company other than the Chief Executive Officer (or such persons as might be designated) has any authority to alter or amend the Company's rules and policies. I understand that no rule or policy can be changed orally and that all changes, if any, must be in writing.

(Name)

(Date)

(Signature)

(Location and Department)

